

NIE 30-4-55

8 November 1955

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NATIONAL INTELLIGENCE ESTIMATE

NUMBER 30-4-55

THE OUTLOOK FOR US INTERESTS IN THE MIDDLE EAST

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency, and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 8 November 1955. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

DOCUMENT NO. 1
NO CHANGE IN CLASS. IS
DECLASSIFIED
CLASS. CHANGED TO: TS (S) C
NEXT REVIEW DATE: 1991
AUTH: HR 70-2
DATE: 5 June 87 REVIEWER: GC3514

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COPY NO. 22

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79R1012 56

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THE OUTLOOK FOR US INTERESTS IN THE MIDDLE EAST

THE PROBLEM

To estimate the outlook for US interests in the Middle East, the implications of Soviet policies in the area, and the probable consequences of possible US courses of action in dealing with the situation.

CONCLUSIONS

1. The present Soviet drive for economic and diplomatic influence in the Middle East poses serious dangers for US interests. Through its arms deal with Egypt, the Bloc has opened a new theater of operations in its struggle with the West and has radically altered its strategy in the area. From now on the USSR will probably offer tough competition to Western aims and policies in the area. (*Para. 10*)

2. The new Soviet moves almost certainly have as their goal the exclusion of Western military bases from the relatively exposed southwestern flank of the USSR and the extension of Soviet influence in the area. The USSR has capitalized on: (a) inter-Arab rivalries; (b) Arab hatred and fear of Israel; and (c) Arab mistrust of the West. It has by one stroke of giving arms support to Egypt sharpened these antipathies and sought to divide the US and UK from one or even both sides in these quarrels. The USSR probably anticipated that the US, in reaction to the arms deal, would strengthen both Israel and the "northern tier," but that the resulting accentuation of area tensions

would more than offset the effectiveness of these moves. Further offers of assistance to Arab states and Afghanistan and a more active support of the uncommitted states on political issues could, with a minimum of effort, considerably embarrass the West. (*Para. 11*)

3. The most immediate threat to US interests in the area lies in the increased likelihood of major Arab-Israeli hostilities. Failure to avert such hostilities would place the UN and especially the Tripartite Powers in an extremely difficult position. Unless they acted promptly and effectively to prevent Israel from seizing and holding Arab territory there would be a strong Arab feeling of revulsion against the West and a corresponding tendency to look to the Bloc for assistance. Israeli victory in a "second round" would almost certainly create strong pressures for the rupture of remaining military and political ties with the US and UK and would probably result in domestic upheavals in one or more Arab states which would provide the Communists with important opportunities. (*Paras. 14-19*)

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4. Even without a new Arab-Israeli war, the US will face major difficulties, which the USSR is in a good position to exploit, with respect to the Baghdad Pact and inter-Arab rivalries. The US is already under heavy pressure from both the Baghdad Pact states and their Arab opponents, and on both sides there is uncertainty as to the precise nature of present US goals in the area and the extent to which the US is prepared to go in pursuing them. (*Paras. 13, 20*)

5. Egypt will almost certainly try to use Soviet aid to obtain US and UK support for Egyptian interests. Although it will value US and UK support as a counterweight to its ties with the Bloc and would make some concessions to obtain it, Egypt would almost certainly not undertake to renounce further dealings with the Bloc. Increased ties with the Bloc would almost certainly strengthen neutralist tendencies in Egypt and facilitate Soviet penetration. Western chances for preventing this will depend in part on the comparative performance, in Egyptian eyes, of the Bloc and of the US and UK in satisfying Egypt's aspirations. (*Paras. 24-26*)

6. A US policy of vigorous support for the Baghdad Pact including timely US adherence would greatly reassure its present members and increase the value of the alliance as a device for encouraging a pro-Western orientation in these and the presently undecided Middle East states. Such support in the long run is essential if the alliance is to become more than a formality. However, all-out support for the Pact would draw the US into increasing involvement in local controversies, notably with respect to Iraqi designs on Syria. It would aggravate the arms race and tend to push Egypt, Saudi

Arabia, and Syria into greater isolation from the West and greater dependence on the Bloc. Israel would see some advantages in US adherence to the Baghdad Pact, though it would remain apprehensive about the consequent strengthening of the Arab states. (*Paras. 38-45*)

7. A US decision moderately to increase its support for the Baghdad Pact (excluding adherence to the Pact) and at the same time to attempt to cultivate Egypt and other local opponents would be difficult to carry out. Iran, Iraq, and Pakistan would probably continue to doubt the sincerity of US support unless they received substantial US military aid and unless the US adhered to the Pact. Nevertheless, Egypt would probably accept some increased support for the "northern tier" grouping as long as additional Arab states did not join the Pact and the US gave convincing evidences of support for the RCC regime. Nasir would almost certainly regard US assistance in building the high Aswan Dam and in achieving a satisfactory water agreement with the Sudan as constituting such evidence. (*Para. 47*)

8. A US decision to delay support for the Baghdad Pact would provide some opportunities for easing tensions and mending US fences with Egypt, Saudi Arabia, and Syria. However, these states, as well as those uncommitted regarding the Pact, would interpret such a move as an indication of their own power to influence US decisions. Such a move would also be a grave blow to the Baghdad Pact and the governments supporting it, even if accompanied by minor gestures of encouragement designed to cushion the blow and leave the way open for later resumption of US forward motion. Despite prob-

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able UK and Turkish efforts to salvage the alliance, it would tend increasingly to disintegrate. (*Paras. 50-52*)

9. A US decision to abandon the Baghdad Pact, even if carried out through an agreement with the USSR designed to neutralize the area, would gravely damage the Western position in the Middle East. It would cause bitter disappointment among the signatories to the Pact, accentuate present tendencies toward neutralism in some of them, and almost certainly weaken the pro-Western governments of Pakistan, Iraq, and Iran. It

would be widely viewed as a major retreat by the West under pressure from the USSR. In these circumstances, a return to the present Western defensive position in the area would be almost impossible. On the other hand, such a policy would free the US from a long and costly defense build up effort and would offer new opportunities for wooing Middle Eastern and South Asian neutralist and reformist elements, including the Egyptian RCC regime. It would probably reduce the danger of local wars in the Middle East and might improve the chances of an Arab-Israeli settlement. (*Paras. 53-58*)

DISCUSSION

I. PRESENT SITUATION

10. The Egyptian-Soviet Bloc arms deal and the Soviet drive for economic and diplomatic influence in the Middle East pose serious dangers for US interests. The arms deal constitutes the first major successful Soviet effort in the Middle East since World War II, and the first the USSR has ever made into the southern parts of the area. For many years the Western Powers have been able to pursue their interests in the Middle East virtually unhindered by direct Soviet interference. This period is now almost certainly at an end. The USSR has opened a new theatre of operations in the East-West struggle and has radically revised its strategy in the area. It is presenting itself not as a supporter of revolutionary elements dedicated to the overthrow of existing regimes but as the benefactor and champion of the regimes themselves. From now on the Western Powers will probably find themselves challenged throughout the area by the USSR, vigorously pursuing its own objectives and countering those of the West.

11. The new Soviet moves almost certainly have as their goal the exclusion of Western military bases from the relatively exposed

southwestern flank of the USSR and the extension of Soviet influence in the area. They probably reflect growing Soviet concern over the efforts of the US to establish its position in the "northern tier." The USSR has made it clear from the outset that it regarded the "northern tier" arrangement as a potential threat to its own strategic position. The fact that the "northern tier" scheme was bitterly opposed by some of the Arab states provided the USSR with a favorable opportunity for gaining an entree into the Middle East.

12. In addition to undermining the US-backed defensive grouping, the Soviet leaders probably expected to achieve important direct gains from the new diplomatic offensive in the area. The Soviet campaign has already damaged US prestige, not only in the Middle East, but throughout the world. It has broken down long-standing barriers to Middle East dealings with the Bloc. The arms deal with Egypt was convincing evidence to the Arab states that they could obtain their material ends on terms more favorable than the West would offer and without joining undesired Western defense schemes. The new Soviet policy has made the Bloc and the local Communist parties more respectable and has sub-

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stantially increased the Bloc's potential for subversive and economic pressure. Finally, Soviet penetration of the Middle East has provided the Bloc with an important new leverage in its dealings with the US and its Western allies.

13. The Egyptian arms deal has already greatly magnified the obstacles in the way of strengthening defenses in the area and of achieving an Arab-Israeli settlement. The deal has strengthened Israel's belief that it must act boldly to force a peace before it is too late and has thus increased the danger of an Arab-Israeli war. It has aggravated the struggle between Iraq on the one hand and Egypt and Saudi Arabia on the other for dominance in the Arab League and for predominant influence in Syria. It has stimulated a general arms race throughout the area. Thus, the US will find it increasingly difficult to pursue its objectives in the area without being drawn into intraregional disputes and thus becoming subject to recriminations by one or both sides. Moreover, the US will be subject to growing pressure from Israel for arms aid and a security guarantee; from Turkey, Iraq, Pakistan, and Iran for increased material and diplomatic support for the Baghdad Pact; and from Egypt, Saudi Arabia, Syria, and Lebanon for material gestures in their direction. On all sides there is uncertainty as to the precise nature of present US goals in the area and the extent to which the US is willing to go in pursuing them.

II. THE THREAT OF MAJOR ARAB-ISRAELI HOSTILITIES

14. The most immediate threat to US interests in the Middle East lies in the increased likelihood of major Arab-Israeli hostilities. With Bloc arms already arriving in sizable quantities in Egypt, tensions have notably increased. Egypt is attempting to procure additional equipment to supplement that being obtained from the Bloc, is maneuvering with extensive Saudi financial backing to set itself up as an arms supply center for other Arab states, and has already begun to line up Arab

support by signing bilateral defense pacts with Syria and Saudi Arabia. Israel, having approached the US on arms purchases, is also making efforts to obtain arms in Western Europe and, if unsuccessful, may seek them from the Bloc. It has undertaken a nationwide arms fund-raising campaign in Israel, and probably will also do so in the US and Europe.

15. Both sides have become more aggressive, not only along the Egyptian frontier, where a series of new and serious incidents have taken place, but also along the Syrian-Israeli border. Reinforcement of border garrisons is apparently taking place on both sides, involving in the Israeli case a fairly extensive mobilization of vehicles and reserve personnel. Despite US and UK reiteration at Paris and Geneva of their determination to maintain Arab-Israeli peace and the indication of US willingness to consider limited arms sales to Israel, there have been strong indications of Israeli disappointment over Foreign Minister Sharet's failure to obtain a firm commitment from the US and increased talk of the possible necessity of "preventive war." Such a "preventive war" may start in the form of border raids where responsibilities and intentions may initially be obscure.

16. We are unable to determine at what point a continuation or augmentation of the present scale of border incidents would lead to an outbreak of sustained large-scale hostilities. Nevertheless, we believe that as long as the present concentration of troops is maintained close to the frontiers and as long as the present high level of emotions, particularly in Israel, continues, there is close to an even chance of such an outbreak, even without a decision by either side deliberately to provoke a war.¹

17. Should major hostilities develop within the next six months or so, Israel would probably take advantage of its superior capabilities to knock out Arab forward elements and

¹ For our assessment of the likelihood of an Arab-Israeli war, see SNIE 30-3-55, "Probable Consequences of the Egyptian Arms Deal with the Soviet Bloc," dated 12 October 1955.

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capture key defensive positions across its frontiers before the Arabs had effectively mobilized their strength. Although the Arabs might be able to conduct bombing attacks on Israeli military targets and cities, particularly after Egypt's new Soviet light jet bombers became operational, the Arabs would probably be incapable by themselves of preventing such Israeli advances.

18. An outbreak of major hostilities would place the UN and particularly the Tripartite Powers in an extremely difficult position. It would be difficult to obtain UN and Western public support for military intervention to restore the status quo. Yet unless military intervention were promptly forthcoming, Israel would probably seize and hold its planned objectives, hoping that the areas seized would serve as bargaining counters in a peace settlement and that the Western Powers would be unwilling to continue economic sanctions or other pressures long enough to force it to withdraw.

19. The Arab states would almost certainly regard Western failure to intervene promptly and effectively on their behalf as an act of betrayal and would look to the Bloc for assistance. Even if—as is probable—the Bloc avoided direct involvement in the fighting, there would be a strong revulsion of feeling among the Arabs against the West. Israeli victory in a “second round” of major fighting against the Arabs would probably also result in domestic upheavals in one or more of the Arab states, thereby providing important opportunities for Soviet diplomacy as well as for indigenous Communists and fellow-travellers. There would almost certainly be strong pressures throughout the Arab world for the rupture of all remaining formal political and military ties with the US and UK and at least some pressures for the cancellation of Western oil and other concessions. Meanwhile, the cold war against a victorious Israel would be renewed with increased vehemence.

III. OTHER AREA PROBLEMS

20. Even if an Arab-Israeli war does not break out, developments in the area over the next year or so will confront the US with serious

problems and may offer the USSR additional opportunities for embarrassing the West and increasing Soviet and Communist influence in the area.

21. *The “Northern Tier” States.* Soviet support for Egypt and the other states opposed to the “northern tier” arrangement will result in demands by Baghdad Pact members for increased support. They will not only demand increased material support, but will probably also seek US adherence to the Pact. Iraq in particular will argue that US failure to match Soviet assistance to Egypt with comparable assistance to Iraq will increase internal pressures against the Pact and will place Iraq in an impossible position in the Arab world. To a lesser extent, Pakistan and Iran are likely to use more or less similar arguments in pressing for greater US assistance for themselves and for the “northern tier” arrangements as a whole.

22. Soviet assistance to their rivals will also induce the “northern tier” nations to seek greater US support for their own local objectives. Iraq, for example, will probably intensify its efforts to obtain US and UK support for Iraqi intervention in Syria, particularly if the leftward trend in Syria continues and if that state accepts Soviet arms offers. Turkey will probably support these Iraqi demands. Pakistan will point to Soviet moves in Afghanistan in its efforts to gain US support against Afghan demands for creation of an autonomous state of Pushtunistan.

23. Although less concerned with Middle East rivalries, Iran will also point to Soviet moves in the Middle East as putting the US under strong obligation to see to it that Iran does not lose by its decision to join the Baghdad Pact. It will cite Soviet support of the opponents of the Pact as evidence of the risks it took in joining and as justification of its claims for US support and guarantees.

24. *Egypt.* Egypt will almost certainly try to use Soviet support to induce the US and UK to: (a) abandon their backing of Iraq and the “northern tier” concept; (b) give the Arabs greater support vis-a-vis Israel; (c) back Egypt's interests in the Sudan, partic-

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ularly with respect to the allocation of the Nile waters; and (d) provide greater economic assistance to Egypt, particularly for the Aswan Dam project.

25. While the Revolutionary Command Council (RCC) will value US and UK support as a counterweight to its ties with the Bloc and would make some concessions to obtain it, Egypt will almost certainly not undertake to renounce further dealings with the Bloc. It probably overestimates its ability to cope with the long-range political risks involved in accepting Bloc support, and will probably continue to welcome such support so long as the US appears to the regime to be supporting its rivals and enemies in the area.

26. Increased ties with the Bloc would almost certainly strengthen neutralist tendencies in Egypt, encourage a more favorable attitude toward the USSR, and facilitate Soviet political penetration. Western chances for preventing this will depend in large part on: (a) the regime's own estimate of its need for Western support to insure its independence; (b) the extent to which its economic, political, and military aspirations are actually satisfied by the West; and (c) the degree of Egyptian satisfaction or dissatisfaction with Soviet performance. Should Egypt feel that it had been "written off" by the West, it would be forced into increasing dependence on the Bloc.

27. *Syria and the Possibility of Iraqi Intervention.* If present trends in Syria continue, it is probable that Syria will accept Soviet arms, possibly through Egypt, and that leftist and other anti-US and UK elements will gain full control. The US has only limited capabilities for reversing these probable trends in Syria through its own actions in the country. However, the US will be under increasing pressure from Iraq and Turkey to support Iraqi intervention in Syria.

28. It is unlikely, however, that Iraq could set up and maintain either a pro-Iraqi regime in Syria or some form of Iraqi-Syrian union without open military intervention. The chances appear about even that Iraq could achieve lasting success by military interven-

tion, given adequate preparation and firm and sustained US and UK diplomatic support and military aid.

29. Irrespective of the actual role of the US, the other Arab states would almost certainly regard an Iraqi move to intervene in Syria as having US and UK backing. It would evoke strong adverse reactions from Egypt and Saudi Arabia and, for entirely different reasons, from Israel. Israel might resort to force in an effort to block the development or to make local territorial gains.² Although Egypt would feel compelled to honor its alliance with Syria, it could do little militarily. The danger of an Israeli military reaction would be considerably lessened if the US were overtly supporting the Iraqi move and offered to guarantee Israel against hostile action by its strengthened neighbor.

30. The USSR would oppose the move and would almost certainly attempt to get the UN to act, particularly if Iraq intervened militarily. It would attempt to capitalize on Egyptian and Saudi resentment, and would increase its covert political warfare activities in Syria.

31. Even a successful Iraqi military intervention in Syria would have to cope with strong, continuing opposition of various Syrian groups (including the Communists), who would be backed by Saudi Arabia, Egypt, the USSR, and certain French interests. The resulting unrest could probably be contained by the present Iraqi government with continued US-UK backing, but would pose serious problems for less strong-handed successors.

32. If Iraq should attempt to intervene militarily in Syria and fail, the chances for the continuation of pro-Western governments of the type now headed by Nuri Said would be greatly reduced, since the US and UK would be blamed for not helping Iraq to attain its objectives. For similar reasons, the US and UK would also suffer considerable loss of prestige among other states of the area.

² The Director of Intelligence, USAF, believes that the chance of Israel resorting to force in an effort to block this development is extremely remote.

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33. *Saudi Arabia.* Saudi Arabia has not yet accepted Soviet arms or Soviet requests for the establishment of diplomatic relations. It is already using these offers, however, in bargaining with the US over renewal of US rights to the Dhahran Air Base and US arms assistance. It is also exerting mounting pressure on the Arabian American Oil Company (ARAMCO) for price and other concessions. In cooperation with Egypt, the Saudis are engaged in vigorous efforts to counteract Iraqi influence in the Arab world, spending money liberally for this purpose in Syria, Jordan, and Lebanon.

34. Even more than the RCC, the Saudis would prefer to avoid ties with the Communist Bloc if they could receive the US support they desire. However, they welcome Bloc offers as bargaining counters with the US and UK, and it is likely that they are prepared to accept some Bloc support, particularly arms assistance, if the US fails to make a sufficiently attractive alternative offer. If the USSR continues to support the Arab cause against Israel and to work against Iraq as a member of the "northern tier" alliance, Soviet and Saudi policies will be parallel on two issues of intense concern to the Saudi government. In these circumstances, the Saudis would probably be increasingly willing to finance Arab arms purchases from the Bloc and tempted to accept Soviet offers to establish diplomatic relations.

35. It is almost certain that the Saudis will initially demand a high and possibly prohibitive price in return for renewal of the Dhahran Air Base agreement. They will be much more reluctant to risk a break with ARAMCO, because of their critical dependence on oil revenues. However, by miscalculation or through confidence in Soviet aid, they may insist on terms unacceptable to ARAMCO. A break with ARAMCO would probably imperil the government by depriving it of the funds needed to maintain its control over the country. Finally, Saudi Arabia will almost certainly make strong demands on the US, both directly and through ARAMCO, for support in its conflict with the UK over the Buraimi and other boundary issues.

36. *Additional Soviet Opportunities in the Area.* If the Soviet Bloc elected to supplement material offers to the Arab states and Afghanistan by a more active campaign in behalf of the Arab and Afghan positions on political issues in the area, it would be able to embarrass the West considerably with a minimum of effort. The USSR has already indicated that it is prepared to take a more active political part in seeing that "justice," as Egypt conceives of it, is done in the Middle East. It has reportedly even assured Nasir that it will seek his prior approval before adopting policies on questions, such as arms aid to the Sudan, which affect Egypt's interests. A Soviet move in the UN in favor of Arab demands for implementing the UN Palestine resolutions would evoke powerful reactions of approval within Egypt and other Arab states. It would place the Arabs under an obvious public political debt to the Bloc, and substantially enhance the prestige and potential of the Bloc and of indigenous Communists in the Arab states. It would also place the Western Powers in an extremely difficult position, in view of their relation with Israel, and would intensify existing Arab resentment of the West's support of Israel. Active Soviet support of Afghanistan in its controversy over Pushtunistan would not offer such a political dilemma to the West, but would substantially increase the chances of Afghanistan coming under Bloc influence, with a consequent threat to Pakistan's position.

IV. CONSEQUENCES OF POSSIBLE US COURSES OF ACTION

37. Among the many problems in the Middle East area two of the most urgent are: (a) the conflict between Israel and the Arab states; and (b) the conflict between Iraq on the one hand and Egypt, Syria, and Saudi Arabia on the other. These have greatly aggravated by recent Soviet actions. These two problems are, of course, closely related, and any US course of action with respect to one will have repercussions on the other. Any US course of action, moreover, will produce different reactions from different states in the area, and

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their reactions will in turn be influenced by the total impact of US actions throughout the area. In a recent estimate³ we have considered possible US courses of action with respect to the Arab-Israeli conflict. With respect to inter-Arab rivalries, we believe that the general lines of policy open to the US may be treated under the following four headings:

- a. Vigorous support for the Baghdad Pact;
- b. Providing some additional support for the Baghdad Pact;
- c. Delaying additional support for the Baghdad Pact;
- d. Abandonment of support for the Baghdad Pact, either with or without a stand-still agreement with the USSR.

Vigorous Support of the Baghdad Pact

38. A policy of vigorous support of the Baghdad Pact would almost certainly require substantial military assistance to Iraq, Pakistan, and Iran and formal US adherence to the Pact. Only in this way would the Pact members be convinced that the US meant business and that they would profit more from defense association with the West than from acceptance of Bloc assistance.

39. These actions would evoke distinctly favorable responses from the present member states and would increase the value of the alliance as a device for encouraging a pro-Western orientation in these states. It would also strengthen the appeal of the Pact to pro-Western, undecided, or opportunistic elements in other states — Syria, Lebanon, and Jordan. In time, and with continued substantial military aid, it might make possible defense arrangements of significant value to the West. However, except for Turkey, none of the "northern tier" states is likely to develop significant indigenous defense capabilities against a Soviet attack for years to come.

40. In the long run, wholehearted US (and UK) support for the Baghdad Pact will be essential if the alliance is to continue as more than a formality. If the US gave such sup-

³ SNIE 30-3-55, "Probable Consequences of an Egyptian Arms Deal with the Soviet Bloc," dated 12 October 1955.

port, however, it would almost inevitably become closely involved both in local controversies and in the UK-French rivalry in Syria and would be under increasing pressure to take sides in a series of disputes where the choice would be difficult. In addition, the UK would strongly argue the necessity of US support for the maintenance of its position in southern Arabia and the Persian Gulf.

41. The members of the Pact would expect greater support for their own local objectives. The most immediate and critical would be Iraq's designs on Syria. An Iraqi take-over of Syria would produce strong resentment in Egypt and Saudi Arabia, and would confront the US with critical problems in the Middle East and elsewhere. On the other hand, US refusal to countenance an Iraqi move on Syria might weaken Iraq's support for the Pact.

42. Egypt and Syria would react adversely to vigorous US support for the Baghdad Pact, and the more extensive the support, the stronger would be their resentment. Despite Nasir's desire to retain his independence, Egypt would probably become more involved with the Bloc unless US support for the Pact were accompanied by convincing demonstrations that the US was ready to assist Egypt as well. The cost of such demonstrations would come high. Saudi Arabia would probably remain strongly opposed to the US position in any case, and would probably be disposed to draw closer to the Bloc.

43. Should the US, by the application of sanctions, attempt to force Egypt to desist from opposing the "northern tier" or to break the RCC's new ties with the Soviet Bloc, such an attempt would probably backfire. A US decision to discontinue aid after the current fiscal year would have little effect on Egypt's economy at present and by itself would probably not cause serious reactions. US withdrawal of economic and technical aid already programmed would also have little effect on the Egyptian economy, but would probably produce an angry and emotional RCC reaction, with attendant dangers of violent anti-American disorders and increasing reliance by Egypt on Soviet assistance. Additional ac-

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tions such as dumping US surplus cotton would have an unsettling effect on Egypt's economy and would probably increase Egypt's readiness to accept further Bloc barter offers. Finally, the RCC would regard US support for an Iraqi move to absorb Syria as evidence of determination to destroy Egypt's position in the Arab world.

44. The only pressure likely to have a substantial effect on Saudi Arabia would be the prospect of elimination of its oil revenues, since it depends on these revenues for a large proportion of its national income and governmental budget. There is a slight chance the Saudi Arabian leaders would disregard a threat of the ending of this income, despite their attachment to the new way of life which oil revenues have brought them and despite their need for these revenues to insure control of the country. We think this unlikely. We believe, however, that no appreciable coercive effect could be gained by other means; e.g., support of the UK in its territorial disputes with Saudi Arabia, bargaining on the lease of the Dhahran Air Base, or encouragement of disloyal tribal chieftains.

45. Israel would see some advantages in US adherence to the Baghdad Pact and would probably also favor Lebanese and Jordanian membership. It would regard these developments as blows to Egypt's prestige and strength in the area and would probably hope that they would serve to lessen the likelihood of a coordinated Arab attack on Israel. However, Israel would still remain apprehensive about the consequent military build-up of the Arab Baghdad Pact members by the US and of Egypt by the USSR.

46. The USSR, which has already demonstrated a willingness to take active measures against implementation of the "northern tier" concept, would probably increase its efforts to undermine the arrangement. These would probably take the form of stepped-up aid and support for Egypt, Saudi Arabia, and Syria. The USSR would probably make stronger efforts to bring Afghanistan under dominant Bloc influence. They would almost certainly

attempt to make propaganda capital out of the US policy, particularly among Asian and European neutralists. We believe, however, that the USSR will not feel itself sufficiently threatened by the Middle East defense grouping to undertake major retaliatory actions such as invasion of the member states.

A Moderate Increase in US Support for the Baghdad Pact

47. We believe there is at least an even chance that the US could effectively demonstrate some increase in interest and support for the Baghdad Pact (short of itself adhering) while at the same time cultivating Egypt and its fellow opponents. However, such a maneuver would be a difficult one. To overcome the present members' concern about US intentions would require fairly considerable US military aid for Iran, Iraq, and Pakistan and possibly US adherence to the Pact at a relatively early date. Nevertheless, we believe that Nasir's genuine desire for independence from both power blocs makes him desirous of retaining at least minimal good relations with the US. He is probably prepared to accept some increased US support for the "northern tier" group so long as it does not threaten to bring about the adherence of additional Arab states to the Baghdad Pact and is accompanied by convincing evidences of continued US willingness to cooperate with the RCC in other matters. Nasir would almost certainly regard a US decision to assist Egypt in building the high Aswan Dam and in achieving a satisfactory water agreement with the Sudan as constituting such evidence. At the same time, the regime would probably conclude that further efforts to play the West and the Bloc off against each other would be profitable.

48. Such an approach would be markedly less successful with Saudi Arabia, which would welcome tangible US demonstrations of good will but would not be likely to curb its anti-Iraqi feelings and activities in return. However, Saudi Arabia would be less effective an opponent of the Baghdad Pact without strong Egyptian backing. The Syrians would probably go along with Egypt's lead.

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49. The essential difficulty of this possible course of action (and of the one discussed immediately below) is that of maintaining a balance between the intrinsically incompatible aims of the rival groups in the area. The conflicts between Israel and the Arab states on the one hand and the proponents and opponents of the Baghdad Pact on the other will probably result in increasingly strong pressures on the US to choose sides and arm its allies in those conflicts or rely on an agreement with the USSR that neither is to do so.

A Decision to Delay Support for the Baghdad Pact

50. A decision to "mark time" on extension of major additional support to the Baghdad Pact grouping as such would offer some opportunities for efforts to smooth out existing tensions and mend US fences with Egypt, Saudi Arabia, and, the present Syrian government. These states would almost certainly welcome tangible evidence of US willingness to understand and support them — and to provide some leverage against possible Soviet attempts to dominate them. However, they would almost certainly refuse to go back on any agreements that they might have with the Bloc in order to retain US good will.

51. Basically, they would tend to interpret US reluctance to support the Baghdad group strongly as a further indication of declining US interest in going ahead against their wishes and as evidence of their power to influence US decisions. Similar judgments would be reached by the leaders of uncommitted states such as Lebanon and Jordan and by the USSR. The USSR would almost certainly take advantage of the situation to augment its efforts to undermine the Baghdad grouping and to undercut the US generally.

52. We believe that marked US unwillingness to give strong support to the Baghdad Pact grouping at this stage would be a grave blow to the "northern tier" concept and to the Middle East governments supporting it, even if accompanied by minor gestures of encouragement designed to cushion the blow and

leave the way open for a later resumption of US forward motion. The leaders of Iraq, Iran, and Pakistan would be reluctant to give up the hopes of continuing US military aid and formal US adherence to the Pact on which their participation was predicted, but they have already become increasingly dissatisfied over what they regard as waning US support for the Pact and over the propaganda success which the Bloc arms deal has provided their internal and area rivals. If convinced that the US had definitely shelved any early increase of support for the Pact, they would almost certainly be faced with serious domestic criticism and loss of prestige for the failure of their pro-US policies. While the UK and Turkey would probably attempt to hold the Baghdad Pact group together, it would tend increasingly to disintegrate.

Abandonment of Support for the Baghdad Pact

53. Such a decision would offer certain advantages to the US. It would free the US from a long and costly effort to build up indigenous forces in the Middle East which at best would require years to achieve significance in defending against Soviet attack, and which in an era of generally relaxing tensions might prove to be of decreasing political value. It would offer opportunities for new Western efforts to woo the politically volatile neutralist, reformist elements in the Middle East and South Asia, including the leadership group in Egypt. In the long run the decreased emphasis on arms would give the Middle Eastern governments an opportunity to devote greater effort to the material betterment of their countries; whether they did so or not would significantly affect the prospects of the local Communists under a neutralization of the Middle East.

54. Abandonment of the Baghdad Pact could lead to certain further advantages if it were carried out in connection with a firm arrangement between the Western Powers and the USSR which was actually observed, and in which both sides agreed to stop arms shipments into the Middle East and to cooperate in maintaining the Arab-Israeli status quo.

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With the military balance among indigenous forces frozen in the Middle East, and the major powers cooperating to keep it so, the danger of local wars would probably be reduced and the chances of an Arab-Israeli settlement might be improved. Moreover, if the USSR should become by implication a co-guarantor of Israel's continued existence and territorial integrity, it would accept a share of blame for a situation that, more than anything else, has alienated Arab opinion from the West.

55. Abandonment of the Baghdad Pact, however, would inevitably bring repercussions damaging to the Western position in the Middle East. With or without an accompanying Soviet deal, it would be viewed locally as a major retreat by the West under pressure from the USSR. It would cause bitter disappointment among the signatories to the Pact, accentuate present tendencies toward neutralism in some of them, and almost certainly weaken the pro-Western governments of Pakistan, Iraq, and Iran. Iraq particularly would consider that it had been built up only to be let down and perhaps made to look somewhat ridiculous. In Iran there would be a strengthening of the traditional tendency to balance off the Great Powers against each other. The Soviet political and economic position in Iran would be improved, and the USSR might demand a share in the exploitation of Iranian oil resources.

56. Turkey, under such circumstances, would probably consider that it had sustained a serious blow to its prestige and some loss to its defensive position. It would be unlikely to turn toward neutralism while its territorial integrity remained guaranteed by NATO but it would attempt to compensate by asking for increased US military assistance. Pakistan would probably move towards a more neutralist position, and would lose some interest in SEATO. It would probably not adopt an anti-Western position, however, as long as it continued to receive US aid and to hope that such aid might be increased.

57. An agreement between the USSR and the Western Powers of the kind described above, while it would remove the area from military

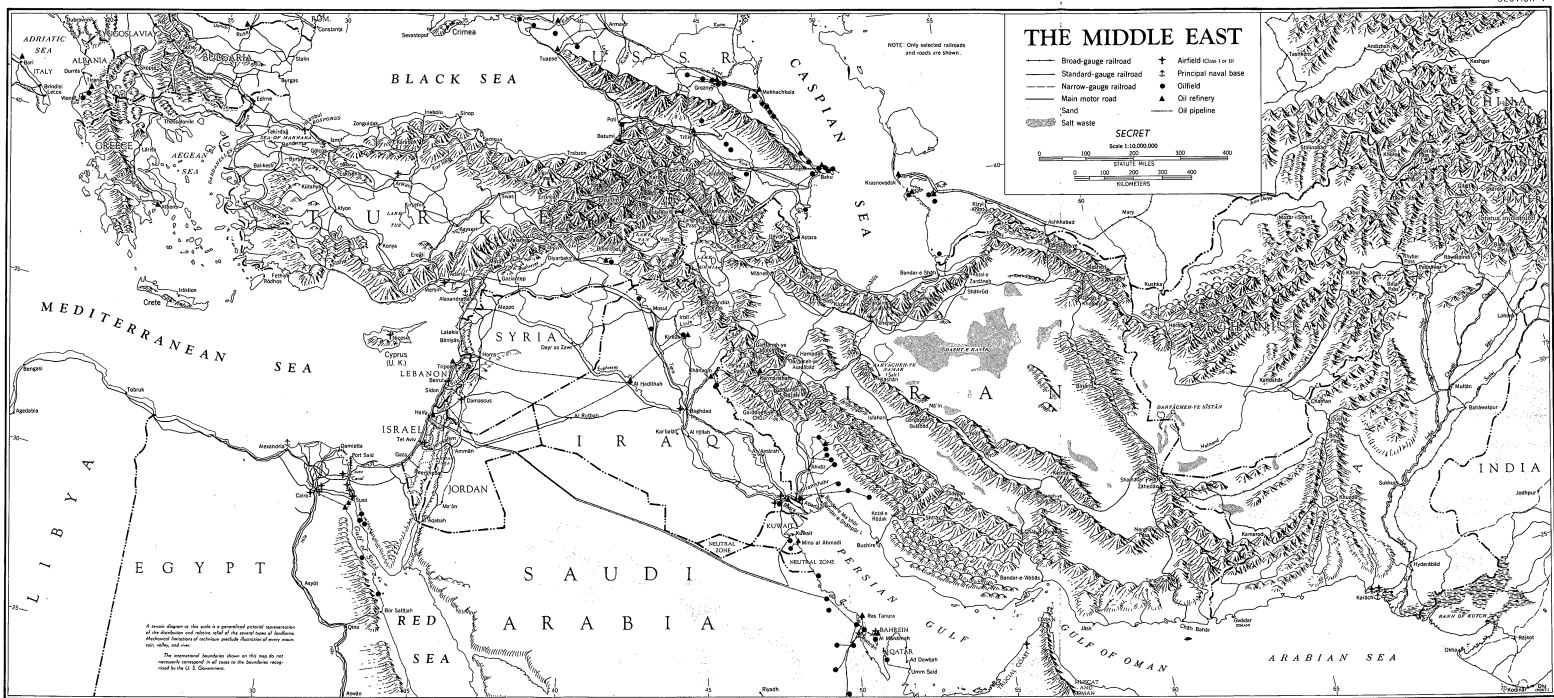
competition between the two great blocs, would not remove it from political competition. Under any of the policies set forth the US would have to contend in the future with the determination and the ability of the USSR to play a part in the affairs of the Middle East; and to seek to identify itself, more successfully than the US, with the major aspirations of the politically effective forces in the area. Under a decision to neutralize the area, the challenge offered by the USSR would be implemented by diplomatic, economic, cultural, and covert means rather than by military instrumentalities. It would still be a major challenge.

58. Should such an agreement with the USSR break down, a return to the present situation would be almost impossible. States presently members of the Baghdad Pact would be much less ready to respond to any new call by the US to organize in their own defense, politically or militarily. There would be little prospect of creating additional effective armed forces in the area. The Middle East would be closed to additional Western military bases, while such bases as it already contains would have become of doubtful value.

V. THE ARAB-ISRAELI PROBLEM

59. Any of the US courses of action discussed above will affect US relations with Israel in some degree. In particular, vigorous support for Iraq through the Baghdad Pact would lead Israel to step up its pressures for US support and assistance — pressures which are already strong as a result of the Egyptian arms deal. Any modifications in US policy toward Israel will, in turn, affect the Arab response to the US courses of action which we have discussed. Arab reaction to US moves to reassure Israel would depend on the extent to which such moves were designed to preserve the status quo, and appeared to apply to both sides. A reaffirmation of the Tripartite Declaration of 1950 would probably produce only a slight reaction in the Arab states. On the other hand, a unilateral US security guarantee to Israel, particularly if accompanied by extensive shipments of arms, including offensive weapons, would probably result in a very severe strain on US-Arab relations.

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